

## Message Text

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AMCONSUL FLORENCE

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C O N F I D E N T I A L STATE 032445

E.O. 11652: GDS

TAGS: MARR, IT, SA

SUBJECT: REALIGNMENT OF U.S. ARMY CORPS OF ENGINEERS,  
MEDITERRANEAN DIVISION.

REF: STATE 25981

1. PARAGRAPHS 2 AND 3 OF THIS MESSAGE CONTAIN, RESPECTIVE-  
LY, PROPOSED PUBLIC ANNOUNCEMENT AND QUESTIONS/ANSWERS ON  
REALIGNMENT AS DISCUSSED IN REFTEL. THIS IS PROVIDED FOR  
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WISE DISSEMINATED UNLESS DEPARTMENT SO AUTHORIZES.

2. PROPOSED PUBLIC ANNOUNCEMENT

QUOTE: THE MEDITERRANEAN DIVISION (MDD) OF THE US ARMY CORPS OF ENGINEERS WILL BE DEACTIVATED THIS YEAR, SECRETARY OF THE ARMY MARTIN R. HOFFMANN ANNOUNCED TODAY. MDD NATO FUNCTIONS WILL BE ASSUMED BY THE EUROPEAN ENGINEER DIVISION. ELEMENTS OF MDD IN SAUDI ARABIA WILL BE REDESIGNATED AS THE US ARMY ENGINEER CONSTRUCTION ACTIVITY - MIDDLE EAST. A FIELD OFFICE OF THIS CONSTRUCTION ACTIVITY WILL BE ESTABLISHED AT BERRYVILLE, TWENTY-FIVE MILES EAST OF WINCHESTER, VIRGINIA.

MDD, LOCATED AT CAMP DARBY, NEAR LIVORNO, ITALY HAS MANAGED DESIGN AND CONSTRUCTION FOR US AGENCIES AND FOREIGN GOVERNMENTS IN AFRICA AND THE MIDDLE EAST SINCE 1952 AND FOR US FORCES IN ITALY, GREECE, AND TURKEY SINCE 1957.

IN RECENT YEARS MANAGEMENT OF DESIGN AND CONSTRUCTION BY MDD FOR THE SAUDI ARABIA GOVERNMENT -- ENTIRELY FUNDED BY THE SAUDI GOVERNMENT -- HAS INCREASED CONSIDERABLY IN CONTRAST TO THE RELATIVELY SMALLER AMOUNT OF WORK PERFORMED IN THE THREE NATO COUNTRIES. THE INCREASING SECURITY ASSISTANCE RELATED WORKLOAD PLUS THE ADVISABILITY OF SEPARATING THESE MISSIONS FROM WORK IN NATO COUNTRIES PROMPTED THIS REALIGNMENT OF FUNCTIONS AND RESOURCES, THE COST OF WHICH WILL BE BORNE BY THE SAUDI ARABIA GOVERNMENT.

THE FIELD OFFICE AT BERRYVILLE WILL SERVE THE CORPS OF ENGINEERS MIDDLE EAST PROGRAMS AS THE DESIGN, PROCUREMENT AND LIAISON OFFICE FOR CONTACT WITH ARCHITECT/ENGINEER FIRMS AND CONSTRUCTION SUPPLIERS DURING THE DESIGN AND PROCUREMENT PHASES OF THE CONSTRUCTION CYCLE.

NO JOB TERMINATION OF ITALIAN LOCAL NATIONAL EMPLOYEES IS EXPECTED AS A DIRECT RESULT OF THE DEACTIVATION OF THE MEDITERRANEAN DIVISION. THE NECESSARY MANPOWER SPACES AND THE ITALIAN EMPLOYEES WILL BE TRANSFERRED TO THE EUROPEAN ENGINEER DIVISION. UNQUOTE.  
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### 3. PROPOSED "QUESTIONS AND ANSWERS"

QUOTE:

--Q. WHAT IS THE REACTION OF THE ITALIAN GOVERNMENT TO THIS MOVE?

--A. THE PROTECTION OF THE RIGHTS AND WELFARE OF THE ITALIAN LOCAL NATIONAL EMPLOYEES IS NATURALLY OF CONCERN. THERE WILL BE NO TERMINATION OF JOBS FOR ITALIAN EMPLOYEES AS A DIRECT RESULT OF THE MEDITERRANEAN DIVISION DEACTIVATION, SINCE THE NECESSARY MANPOWER SPACES AND THE CORPS' ITALIAN EMPLOYEES WILL BE TRANSFERRED TO THE

EUROPEAN ENGINEER DIVISION.

--Q. HOW MANY PEOPLE WILL BE AFFECTED BY THE DEACTIVATION?

--A. CURRENTLY, THERE ARE 237 CIVILIANS AND 13 MILITARY INDIVIDUALS IN THE MEDITERRANEAN DIVISION. THIS INCLUDES 54 FOREIGN NATIONALS.

--Q. YOUR ANNOUNCEMENT MENTIONS NATO FUNCTIONS TO BE ASSUMED BY THE CORPS EUROPEAN DIVISION. WHAT ARE THE NATO FUNCTIONS?

--A. THEY CONSIST OF SUPPORT OF NATO FORCES IN ITALY, GREECE AND TURKEY, A RELATIVELY SMALL WORKLOAD WHICH CAN BE ASSUMED BY THE EUROPEAN DIVISION.

--Q. HOW MANY PEOPLE WILL LOSE THEIR JOBS?

--A. ALL CAREER EMPLOYEES WILL BE GIVEN MAXIMUM ASSISTANCE IN CONTINUING THEIR CAREERS AS EMPLOYEES OF THE FEDERAL GOVERNMENT THROUGH REASSIGNMENT TO OTHER POSITIONS IN THE DEPARTMENT OF DEFENSE OR OTHER FEDERAL AGENCIES.

--Q. WHY ESTABLISH A FIELD OFFICE AT BERRYVILLE, VIRGINIA?

--A. THE CORPS OF ENGINEERS UTILIZES U.S. ARCHITECT-ENGINEERS (A-E) FIRMS FOR THE ENGINEERING AND DESIGN  
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REQUIRED IN THIS PROGRAM. ALSO, A GREAT DEAL OF PROCUREMENT IS PLANNED, USING U.S. SUPPLIERS. HAVING A CONUS BASED OFFICE TO MANAGE THESE ASPECTS GREATLY ENHANCES COORDINATION WITH THE A-E INDUSTRY. BERRYVILLE, VA., WAS SELECTED BECAUSE ADEQUATE GOVERNMENT OWNED OFFICE SPACE IS AVAILABLE, IT IS REMOVED FROM THE D.C. METROPOLITAN AREA AND YET IS REASONABLY CLOSE TO A MAJOR AIRPORT.

--Q. WAS AN ENVIRONMENTAL IMPACT STATEMENT PREPARED?

--A. AN ENVIRONMENTAL IMPACT ASSESSMENT WAS CONDUCTED AND IT WAS FOUND THAT THE BERRYVILLE AREA WOULD BE AFFECTED MINIMALLY, THUS IT WAS DETERMINED THAT AN EIS WAS NOT REQUIRED.

--Q. WAS ANY LOCATION OTHER THAN BERRYVILLE CONSIDERED FOR THE STATESIDE CONTINGENT?

--A. YES. A NUMBER OF OTHER LOCATIONS WERE CONSIDERED.

--Q. SPECIFICALLY, WHICH LOCATIONS WERE THEY?

--A. PRELIMINARY STUDIES WERE MADE OF BOSTON, NEW YORK, ATLANTA, MIAMI, AND NEW JERSEY. DETAILED STUDIES WERE MADE OF THE WASHINGTON D.C./BALTIMORE AREA AND HUNTSVILLE, ALABAMA, BEFORE BERRYVILLE WAS SELECTED.

--Q. HOW MANY CORPS PERSONNEL ARE IN SAUDI ARABIA NOW AND HOW MANY WILL THERE BE WHEN THIS ACTION IS COMPLETED?

--A. THERE ARE APPROXIMATELY 200 CORPS OF ENGINEERS PERSONNEL IN SAUDI ARABIA. WE ANTICIPATE APPROXIMATELY 50 PERSONNEL NOW IN ITALY WILL SELECT TO FOLLOW THOSE FUNCTIONS ABSORBED BY CORPS SAUDI ELEMENTS.

--Q. ARE THERE ANY AMERICAN CIVILIANS OF THE JEWISH FAITH EMPLOYED IN MDD?

--A. THE ARMY DOES NOT RECORD SUCH INFORMATION ABOUT ITS EMPLOYEES.  
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--Q. IF SO, WILL THEY TRANSFER TO SAUDI ARABIA?

--A. PERSONS OCCUPYING JOBS IDENTIFIED FOR ABSORPTION BY CORPS OF ENGINEERS SAUDI ELEMENTS WILL BE OFFERED THE OPPORTUNITY TO ACCOMPANY THE FUNCTION TO SAUDI ARABIA.

--Q. IF THE SAUDI ARABIAN GOVERNMENT REFUSES VISAS TO ARMY EMPLOYEES, THEREBY PROHIBITING THEM FROM ACCOMPANYING THEIR JOBS, WHAT WILL HAPPEN?

--A. THE ARMY, IN SUCH A CASE, WILL FOLLOW THE PROCEDURES OUTLINED BY PRESIDENT FORD ON NOVEMBER 20, 1975; NOTIFY THE STATE DEPARTMENT OF THE VISA REJECTION AND AWAIT DIPLOMATIC EFFORTS TO GAIN ENTRY FOR THE AFFECTED INDIVIDUAL(S).

--Q. AS A RESULT OF THIS REALIGNMENT, COULD ANY ARMY EMPLOYEES LOSE THEIR JOBS DUE TO POSSIBLE VISA RESTRICTIONS IMPOSED BY THE SAUDI ARABIAN GOVERNMENT?

--A. NO.

--Q. IS THE ARMY A PARTY TO ANY AGREEMENT RESTRICTING THE ASSIGNMENT OF PERSONNEL TO SAUDI ARABIA?

--A. NO. ASSIGNMENT OF MILITARY AND CIVILIAN PERSONNEL TO SAUDI ARABIA IS MADE SOLELY ON THE BASIS OF QUALIFICATION. THE CORPS OF ENGINEERS OR THE ARMY AS A WHOLE IS NOT A PARTY TO ANY RESTRICTIVE AGREEMENT OR PRACTICE.

--Q. HOW MUCH WILL THE MOVE COST?

--A. CURRENT ESTIMATES PLACE THE COST BETWEEN \$1 AND \$1.5 MILLION. ALL COSTS RELATED TO THE SAUDI PROGRAM TO BE BORNE BY THE SAUDI ARABIAN GOVERNMENT.

--Q. DOES THE CORPS OF ENGINEERS MAKE ITS OWN AGREEMENTS WITH THE SAUDI ARABIAN GOVERNMENT?

--A. ALL CORPS ACTIVITIES ARE BASED ON GOVERNMENT TO CONFIDENTIAL

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GOVERNMENT AGREEMENTS RESULTING FROM REQUESTS BY THE SAUDI ARABIAN GOVERNMENT TO THE U.S. GOVERNMENT. EACH PROJECT IS REVIEWED AND APPROVED IN ACCORDANCE WITH U.S. FOREIGN MILITARY SALES, LAWS, AND REGULATIONS.

--Q. HOW IS THE CORPS PAID FOR ITS WORK?

--A. ALL CORPS OF ENGINEERS WORK FOR FOREIGN GOVERNMENTS IS FINANCED ENTIRELY BY THE RECIPIENT COUNTRY UNDER SPECIFIC AGREEMENTS. FOREIGN FINANCING COVERS NOT ONLY DIRECT COSTS, BUT ALL RELATED EXPENSES INCURRED BOTH IN AND OUT OF COUNTRY.

--Q. DOES THE CORPS OF ENGINEERS COLLECT ANY FEES OR COMMISSIONS FOR THIS WORK?

--A. NO. CORPS OF ENGINEERS CONTRACTS INCLUDING THOSE UNDER FOREIGN GOVERNMENT PROGRAMS HAVE NEVER ALLOWED PAYMENT OF FEES OR COMMISSIONS.

--Q. WHAT IS THE MAGNITUDE OF THE SAUDI ARABIAN PROGRAM IN DOLLARS?

--A. CONGRESSIONAL AND/OR DEPARTMENTAL REVIEW HAS BEEN ACCOMPLISHED FOR \$6.1 BILLION OF THE PROGRAM CURRENTLY IDENTIFIED FOR POSSIBLE CORPS OF ENGINEERS MANAGEMENT.

--Q. WHAT PROJECTS ARE INVOLVED IN THE PROJECTED WORK IN SAUDI ARABIA?

--A. THE PROGRAM WILL INCLUDE TWO ENTIRE PORT COMPLEXES, A MILITARY ACADEMY, A MINISTRY OF DEFENSE HEADQUARTERS, MEDICAL CENTERS WITH SUPPORT FACILITIES, NATIONAL GUARD COMPLEXES, ARMY CANTONMENT EXPANSIONS AND A NEW MILITARY AIRFIELD/CITY COMPLEX.

--Q. HAVE ANY CONTRACTS BEEN LET TO DATE?

--A. YES. CONTRACTS VALUED AT \$729 MILLION HAVE BEEN AWARDED TO DATE FOR THE PORT COMPLEXES, HOUSING, AND MEDICAL SUPPORT FACILITIES.  
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--Q. HOW MANY DA PERSONNEL WILL BE STATIONED IN SAUDI ARABIA?

--A. AS INDICATED ABOVE, THERE ARE NOW ABOUT 200 CORPS EMPLOYEES IN SAUDI ARABIA, AND WE ESTIMATE THAT ABOUT 50 OF THOSE NOW IN ITALY WILL MOVE TO SAUDI ARABIA AS A RESULT OF THIS RELOCATION. ANY FURTHER CHANGE IN THE NUMBER OF PERSONNEL WOULD DEPEND ON THE WORKLOAD. ANY INCREASE IN WORKLOAD WOULD BE SUBJECT TO APPROVAL IN ACCORDANCE WITH FMS PROCEDURES.

--Q. HOW MANY PEOPLE WILL BE LOCATED AT BERRYVILLE?

--A. IT IS ESTIMATED THAT 250 TO 300 PERSONNEL WILL BE EMPLOYED AT THE BERRYVILLE, VA., OFFICE AT PEAK LOAD.

--Q. WHAT IS THE PROJECTED DOLLAR VALUE OF CONTRACTS THAT THE BERRYVILLE OFFICE WILL BE RESPONSIBLE FOR?

--A. OVER THE NEXT 10 YEARS THE BERRYVILLE OFFICE WILL MANAGE THE DESIGN AND US PROCUREMENT CONTRACTS FOR \$500 TO \$750 MILLION WORTH OF CONSTRUCTION PLACEMENT PER YEAR. INITIALLY, THE OFFICE WILL HAVE \$36 MILLION WORTH OF DESIGN CONTRACTS IN HAND. END QUOTE. KISSINGER

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